

**FISCAL NOTE**  
**SB 6 - HB 10**  
**FIRST EXTRAORDINARY SESSION**

March 30, 1999

**SUMMARY OF BILL:** Defines "pass-through entities" and "doing business in Tennessee" for franchise/excise tax purposes. It provides that for purposes of apportionment, pass-through entities in which the taxable entity has interest in either profits or capital shall be disregarded as a separate entity and the tax attributes shall be attributed to each owner of such entity to the extent of such owner's ownership interest.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$100,000,000**

Estimate is based on projecting franchise and excise tax revenue growth that would have occurred using growth rates of the past few years and comparing those numbers with current projections for franchise and excise tax growth. Estimate assumes a major portion of the decline in growth is attributed to erosion of the tax base.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director